

mkc

NOTICE OF ANNUAL MEETING OF SHAREHOLDERS

Cincinnati, Ohio, February 10, 1950

To All Holders of Shares of the Common Stock of
The Kroger Co.

The annual meeting of the shareholders of The Kroger Co. will be held at the office of the Company, 35 East Seventh Street, Cincinnati, Ohio, at 11 o'clock A.M., on March 1, 1950, for the purpose of:

1. Ratifying the action of the Board of Directors of the Company in waiving the preemptive rights of the Company to purchase 10,000 additional common shares of the Manufacturers & Merchants Indemnity Company;
2. Electing thirteen (13) directors to serve for one year and until their successors shall have been elected and qualified;
3. Transacting such other business as may properly be brought before the meeting.

Holders of common shares of record at the close of business on February 1, 1950, will be entitled to vote at the meeting.

YOUR MANAGEMENT DESIRES TO HAVE A LARGE NUMBER OF THE SHAREHOLDERS REPRESENTED AT THE MEETING, IN PERSON, OR BY PROXY. IF YOU DO NOT EXPECT TO BE PRESENT IN PERSON, WILL YOU PLEASE SIGN THE ENCLOSED PROXY AND MAIL SAME AT ONCE IN THE ENCLOSED SELF-ADDRESSED ENVELOPE? NO POSTAGE IS REQUIRED IF MAILED WITHIN THE UNITED STATES.

By order of the Board of Directors,
JOHN H. SADLER, Secretary

PROXY STATEMENT

February 10, 1950

The accompanying proxy is solicited by the management of The Kroger Co., and the cost thereof will be borne by the company.

Charles W. Dupuis, Harry J. Gilligan, John M. Hancock, and Charles M. Robertson, all of whom are directors of the company, have been named members of the Proxy Committee.

Holders of common stock at the close of business on February 1, 1950 are entitled to vote at the annual meeting on March 1, 1950. The company has outstanding 1,836,589 shares of common stock. The shares represented by the proxies will be voted unless the proxy is revoked in person or in writing before it is exercised. The law of Ohio, under which this company is organized, provides for cumulative voting. If notice in writing shall be given by any shareholder to the President or a Vice President of the Company not less than twenty-four hours before the time fixed for holding the meeting that he intends to cumulate his votes for the election of directors, and if an announcement of the giving of such notice is made upon the convening of the meeting, each shareholder shall have the right to cumulate his shares at such election.

As far as is now known the only items of business that will be presented at the meeting, for both of which the Proxy Committee intends to vote unless limited to the contrary, are:

(1) Proposal to ratify the action of the Board of Directors of the company in waiving the preemptive rights of the company to purchase 10,000 additional common shares of the Manufacturers & Merchants Indemnity Company. (Copy of resolution and explanation are set forth herein.)

(2) The election of the following thirteen (13) persons as directors, all of whom have been recommended by the company for reelection, to serve for a term of one year and until their successors shall have been elected and qualified:

Name	Principal Occupation	First Became a Director	Shares Common Stock Beneficially Owned
Joseph Bappert	Vice President, The Kroger Co.	1940	301
Jacob E. Davis	Vice President, The Kroger Co.	1949	110
Walter A. Draper	Chairman of the Board, The Cinti. Street Railway Co.	1931	210
Charles W. Dupuis	Chairman of the Board, The Central Trust Co., General Banking	1930	105
Harry J. Gilligan	Proprietor, John J. Gilligan & Son, Funeral Directors	1935	2787
Joseph B. Hall	President, The Kroger Co.	1941	500
John M. Hancock	Partner, Lehman Bros., Investment Bankers	1927	700
Carl M. Jacobs	Partner, Frost & Jacobs, Attorneys	1939	1100
Andrew T. Kearney	Partner, A. T. Kearney & Co., Management Engineers	1938	100
Charles M. Robertson	Chairman of the Board, The Kroger Co.	1930	3800
Stanley M. Rowe	President, The Shepard Elevator Co.	1943	700
John H. Sadler	Secretary, The Kroger Co.	1938	120
Donald M. Wood	Partner, Childs & Wood, General Insurance	1949	50

The total remuneration, including payments by subsidiaries, of directors and officers (17 persons), as such, during the year 1949 was \$400,120 (fees and salaries \$352,620; bonuses \$47,500).

Charles M. Robertson, Joseph B. Hall, Joseph Bappert, and Jacob E. Davis each was a director and officer of The Kroger Co. during the last fiscal year and are now nominees for reelection as directors. During the year 1949 they received total remuneration as follows: \$57,692, \$125,000, \$60,000, and \$50,000, respectively. The amounts received by Mr. Hall, Mr. Bappert, and Mr. Davis were \$23,077, \$5,035, and \$7,873, respectively, in excess of their remuneration in 1948. Of the amounts received by Mr. Bappert and Mr. Davis \$15,000 in each case was a bonus. In the event of retirement at normal retirement date, it is estimated they would each receive annual benefits of \$10,000.

In the Proxy Statement dated February 11, 1949, shareholders were advised of management's recommendation of Chester F. Kroger for reelection to the Board of Directors. Mr. Kroger's death occurred on February 21, 1949. Therefore, in accordance with the provision of the Proxy Statement covering such contingency, the management recommended that the Proxy Committee vote for Jacob E. Davis for election to the office of director. His election followed. Mr. Davis has been a vice president of the company since 1944.

During the year 1949 the firm of Childs & Wood, of which firm nominee Donald M. Wood is a partner, participated in brokerage commissions on miscellaneous insurance coverages purchased by the company and its subsidiaries in the ordinary course of business. The total amount of premiums paid for such coverages amounted to \$141,502 from which Childs & Wood received brokerage commissions.

During the year 1949 Frost & Jacobs, of which firm nominee Carl M. Jacobs is a partner, rendered legal services and A. T. Kearney & Co., of which firm nominee Andrew T. Kearney is a partner, rendered management engineering services for the company.

The management has no reason to believe that any of the nominees for the office of director will, prior to the date of the meeting, refuse or be unable to accept, but if such contingency should arise, it is the intention of the persons named in the proxy to vote for such other person or persons for the office of director as the management may recommend.

EXPLANATION OF PROPOSED RESOLUTION

Due to its continuing growth, the company's wholly owned subsidiary, Manufacturers & Merchants Indemnity Company, hereafter called M & M, at the end of 1949 required additional capital of approximately one-half million dollars. To meet this need, on December 23, 1949, M & M issued and sold to the company 2500 shares of \$100 par 5% cumulative preferred stock at \$100 per share, and to a group of 68 directors, officers and executives of Kroger and of M & M 10,000 shares of \$5.00 par common stock at approximately book value of such common shares, namely \$27.50 per share, such book value having been determined by accounting methods prescribed by the Superintendent of Insurance of the State of Ohio. After the sale of this new stock, the total M & M capitalization and ownership thereof was as follows: 10,500 preferred shares, all owned by The Kroger Co.; 30,000 common shares, 20,000 owned by The Kroger Co. and 10,000 owned by directors, officers and executives of Kroger and of M & M.

Your Board of Directors, after full consideration, concluded that it would be in the best interests of your company to have a substantial amount of the common stock of M & M owned by officers and executives of Kroger and of M & M. Consequently, your Board of Directors authorized the purchase of the additional preferred shares heretofore mentioned and waived your company's preemptive right to acquire the additional 10,000 common shares so that they could be purchased by officers and executives of Kroger and of M & M.

The number of new common shares acquired by each of the following is:

Joseph B. Hall, director and president of the company and director and president of M & M, 1,775 shares;

Donald M. Wood, director of the company and director and chairman of the executive committee of M & M, 1,000 shares;

Edward J. Stoddard, vice president and general manager of M & M, 1,000 shares;

Joseph Bappert, director and vice president, Jacob E. Davis, director and vice president, and John H. Sadler, director and secretary of the company, 400, 400, and 100 shares, respectively;

John M. Lockhart, vice president, and Frank M. Grieme, treasurer of the company, 200 and 100 shares, respectively.

It is not believed that the law requires shareholders' ratification of the action of your Board of Directors in waiving the company's preemptive rights to purchase the aforementioned 10,000 shares of M & M common stock. However, as the majority of such shares were sold to directors, officers and other executives of the company, your Board, as a matter of policy, determined to submit the matter to shareholders for approval or rejection.

If the ratification resolution is adopted, M & M will retain the \$275,000 and the purchasers will retain the shares; if the resolution is rejected, the purchasers will surrender the shares to M & M which thereupon will repay the \$275,000 to such purchasers.

Your Board of Directors recommends the adoption of the following resolution:

RESOLVED, That the action of the Board of Directors of the company in waiving the preemptive rights of the company to purchase 10,000 additional common shares of Manufacturers & Merchants Indemnity Company shall be and hereby is approved and ratified.

The management knows of no other matters which are to be presented at the meeting, but if any should be presented, the Proxy Committee expects to vote thereon according to its best judgment.

By order of the Board of Directors,
JOHN H. SADLER, Secretary

